

THE I/FAX



ADMINISTERED BY ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

Contact us at www.illinoisfunds.com or 1-800-346-7414

OCTOBER 2007

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Yesterday's Rates 10/14/07

Money Market Fund

4.713%

Prime Fund

4.966%

Wire transfer reminders for your Illinois Funds accounts

Please remember that all funds deposited into your Illinois Funds accounts via inbound wire transfer must be deposited by 3 p.m. on regular business days. Regular business days are Monday through Friday, with the exception of the remaining dates listed on the 2007 Holiday Schedule listed at the bottom right of this page.

Also, for all inbound wire transfers, if the funds have not been deposited into your Illinois Funds account by 11 a.m. on a given day, please notify US Bank at (800) 947-8479 prior to 11 a.m. of their impending arrival.

All of us at The Illinois Funds strive to give our participants the best possible investment and cash management products, as well as superior customer service, to our participants. Complying with these rules further enables us to achieve these objectives.

Thank you very much for your cooperation. If you have any further questions, feel free to call us at (800) 346-7414.

MARKET PERSPECTIVE

On September 18, the Federal Open Market Committee cut the fed funds rate, which banks charge each other for overnight loans, by 50 basis points from 5.25% to 4.75%. It also cut the discount rate, which the Fed charges banks for direct loans, by 50 basis points from 5.75% to 5.25%. While many market participants eagerly anticipated the overnight lending rate reduction, they were surprised it dropped lower than the expected 25 basis points. Most economists were pleased with the Fed's decision, as were the equity markets. Immediately after the announcement, the Dow Jones Industrial Average soared to its biggest gain in two months.

While the drop in the discount rate was a reaction to credit crunch woes, the aggressive cut in the overnight rate was a response to the weakness in the housing market, August payrolls, and the potential for current market turmoil to stall future economic growth. The Fed explained in its September 18 statement that, "Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in the financial markets and to promote moderate growth over time." The Fed also went on to say that the "developments in financial markets since

the Committee's last regular meeting have increased the uncertainty surrounding the economic outlook. The Committee will continue to assess the effects of these and other developments on economic prospects and will act as needed to foster price stability and sustainable economic growth." The FOMC meets again on October 31, making all emerging economic data crucial to the Fed's next decision on rates.

In essence, the Fed was telling the markets that it wants to keep all of its options open. If the economy continues to decline and disorder in the financial markets continues, the Fed will probably cut again. If there's any hint of a return to normalcy in the credit markets or if inflation picks up again, then it will have the option to raise rates. The Fed also referenced the ongoing risks of inflation. The Fed said, "some inflation risks remain," and that it will, "continue to monitor inflation developments carefully." Right now it looks like the Fed's focus has shifted more toward growth. It seems that the threat of a recession outweighs the fear of inflation.

As of this writing, the fed funds futures market was pricing in an 88% chance of a 25 basis point rate cut at the October meeting and a 73.9% chance that the fed funds rate will close the year at 4.25%.

Remaining '07 Holiday Schedule

11/09 Day Before Veterans Day (EC)
11/12 Veterans Day (CL)
11/21 Day Before Thanksgiving (EC)
11/22 Thanksgiving Day (CL)
11/23 Day After Thanksgiving (EC)
12/24 Christmas Eve (EC)
12/25 Christmas Day (CL)
12/31 New Year's Eve (EC)

The remaining 2007 holiday schedule is tentative and subject to change. All early closes will generally be at 12:00 PM CST. If you have any further questions, feel free to call us at (800) 346-7414.

(EC) = Early Close
(CL) = Closed



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 9/30/07

Money Market Fund (Daily Liquidity)

Prime Fund (7-day Liquidity) after 30-day minimum term

Net Portfolio Assets (in millions)	\$5,312	Net Portfolio Assets (in millions)	\$1,777
Monthly Investment Earnings (in 1000's)	\$21,485	Monthly Investment Earnings (in 1000's)	\$7,282
7 Day Yield*	4.27%	7 Day Yield*	4.99%
One Month Yield*	4.76%	One Month Yield*	5.10%
Net Asset Value (per share)	\$1.00	Net Asset Value (per share)	\$1.00
Weighted Average Maturity	3	Weighted Average Maturity	31
*Yield Net of Fees		*Yield Net of Fees	

Monthly Public Sector Rate Comparison

The Illinois Funds, MMF	4.76%	The Illinois Funds, Prime	5.10%
S&P Govt Inv Pool-Govt Fund Index	4.90%	S&P Govt Inv Pool-Taxable Funds Index	5.16%
IL School Dist Liquid Asset	5.05%	IL School Dist Liquid Asset Max	5.20%
3 Month Treasury Bill	3.99%	3 Month Treasury Bill	3.99%
6 Month Treasury Bill	4.19%	6 Month Treasury Bill	4.19%

Monthly Private Sector Rate Comparison

The Illinois Funds, MMF	4.76%	The Illinois Funds, Prime	5.10%
IMoneynet™ - Govt. Institutional	4.53%	Federated Govt Obligations	4.98%
Fidelity - 695 Treas Fund	4.72%	Fidelity - 57 Govt Fund	5.01%
Goldman Fin Sq Treas Fund - 468	4.59%	Goldman Fin Sq Govt Fund - 465	5.03%
30 Day Time Deposit	4.87%	90 Day Time Deposit	4.93%

FUND COMPOSITIONS

Money Market Fund

92.3% - Repurchase Agreements
6.1% - Money Market Funds
1.6% - Certificates of Deposit
0.0% - Treasury Bills
0.0% - Treasury Notes

Prime Fund

58.6% - Repurchase Agreements
1.7% - Certificates of Deposit
5.5% - US Government Agencies
1.8% - Money Market Funds
32.4% - Commercial Paper

E-Pay Account Rate

4.713% 10/14/07

1-866-831-5240

www.illinoisepay.com

Rapid Revenue Acct. Rate

4.713% 10/14/07

1-800-346-7414

Visit our website at www.illinoisfunds.com for further information.